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CONTAINER CORPORATION OF AMERICA ANNUAL REPORT

1960

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WALTER PAUL PAEPCKE—JUNE 29, 1896-APRIL 13, 1960

The Board of Directors of Container Corporation of America at the first meeting after the untimely death on April 13, 1960 of Walter Paul Paepcke recorded on behalf of each member of the Board and of each of the executive officers of the corporation, the profound sense of loss occasioned by his death, and the deep appreciation of his outstanding contribution to the corporation and to the cultural and civic life of the community and nation.

Walter P. Paepcke organized Container Corporation of America in 1926 to engage in a relatively new and hazardous field of business in which he envisioned great potential. As Chairman of the Board and Chief Executive Officer, he gave inspiring and dynamic leadership to all phases of the corporate business. The principles he established and the character he gave to Container Corporation of America will continue as a memorial to him.

His activities in Aspen, Colorado, are known throughout the world, and especially his creation of the Aspen Institute for Humanistic Studies, where for years to come his intellectual inspiration will broaden the lives of an ever-widening circle.

Numerous articles and editorials have appeared in Chicago and New York newspapers and other prominent periodicals describing his career as a leading businessman, an educator, and a patron of the arts. The opening paragraph from an editorial in a Chicago newspaper expresses the sense of loss felt so deeply in this company, in the community and in the nation, and calls attention to the important lesson to be learned from his many achievements:

"Perhaps no Chicagoan of our time was more widely known—and more deeply respected—in more different fields than Walter P. Paepcke. His death this week is much more than a loss to his family and his firm. It leaves both a physical and a moral vacancy in the worlds of philanthropy, education, music, painting, literature, architecture, and civic affairs."

The members of the Board of Directors of Container Corporation of America and the executive officers of the corporation hereby record their deep sorrow at his passing and their great debt for the inspiration of his creative and courageous leadership.

A GLANCE AT THE LAST TWO YEARS

	1960	1959
Sales	327 262 662	322 286 816
Tons shipped	1 280 722	1 244 605
Earnings	17 076 427	19 638 780
Per common share	1.57	1.83
Return on shareholders' investment	12.4	15.4
Dividends paid and declared	10 850 841	10 808 021
Per cent of earnings	64%	55%
Preferred (per share)	4.00	4.00
Common (per share)	1.00	1.00
Earnings retained for requirements of the business	6 225 586	8 830 759
Depreciation and depletion	12 829 059	11 703 336
Plant and paper mill additions and improvements	17 640 918	17 768 209
Working capital (current assets less current liabilities)	36 372 691	29 656 575
Taxes (federal, state, and local)	24 742 746	25 554 007
Per common share	2.32	2.42
Shareholders' investment at year end	145 411 966	137 185 287
Shareholders' investment per employee	7 832	6 999

MARCH 10, 1961

TO THE SHAREHOLDERS AND EMPLOYEES:

For the second year your company's financial report is submitted on a consolidated basis including foreign operations. All major subsidiaries are fully consolidated in the 1960 figures including several carried as investments in 1959.

Consolidated net sales were \$327,262,662 compared with \$322,286,816 for the previous year, an increase of 1.5%. Consolidated net earnings after all charges, including provision for depreciation and all federal, state and local taxes, including income taxes, were \$17,076,427 compared with \$19,638,780 in 1959, a decrease of 13.0%. These consolidated earnings represent \$1.57 per common share on 10,672,923 shares after providing for preferred dividends and compares with \$1.83 per share on 10,555,628 shares outstanding the previous year. The return on invested capital of \$137,185,287 as of January 1, 1960, was 12.4% compared with 15.4% in the previous year.

Earnings during the year were adversely affected by lower selling prices and higher costs particularly in domestic operations. Every effort is being made to reduce costs in all areas of production, distribution, and administration.

Quarterly earnings per share on the outstanding Common stock were:

	1960	1959
1st Quarter	.43	.42
2nd Quarter	.49	.48
3rd Quarter	.39	.46
4th Quarter	.26*	.47*
	1.57	1.83

*The fourth quarter earnings include a credit year-end adjustment of 5 cents per share for 1960 compared with 12 cents for 1959.

The record of dividends disbursed in 1960 was as follows:

Preferred Stock		Common Stock	
March 1	1.00	February 25	.25
June 1	1.00	May 25	.25
September 1	1.00	August 25	.25
December 1	1.00	November 25	.25
	4.00		1.00

Dividends of \$1,655,392 were paid by foreign subsidiaries to the parent Company, or a subsidiary thereof, and to outside minority interests.

The year's consolidated depreciation provision of \$12,445,582 was based on the same rates as in previous years. Timber depletion was \$383,477.

The sales of domestic operations were \$267,161,711 compared with \$277,945,349 in 1959, a decrease of 3.9%. The sales of foreign operations, including recently acquired properties in Italy, were \$60,100,951 compared with \$44,341,467 in the previous year, a gain of 35.5%.

The earnings from domestic operations were \$13,605,584 compared with \$16,791,699 in the previous year, a decrease of 19.0%. Your company's equity in foreign earnings was \$3,470,843 compared with \$2,847,081 for 1959, an increase of 21.9%.

Domestic and foreign income taxes totalled \$18,335,000 compared with \$19,765,000 in the previous year.

Consolidated selling, administrative and general expenses were \$29,475,626 compared with \$26,605,162 in 1959, an increase of 10.8%. Part of this increase was due to new operations.

Repair and maintenance charges of \$18,924,278 compared with \$17,891,258 for the previous year.

WORKING CAPITAL

At year end working capital was \$36,372,691 compared with \$29,656,575, an increase of \$6,716,116.

CAPITALIZATION

The outstanding common shares increased 117,295 during the year due to the exercise of options, resulting in additional capital funds of \$2,303,331.

The Mengel Company, a 97% owned subsidiary of the Corporation, was merged into Container Corporation of America November 15, 1960. This required 36,210 shares of Container common stock for distribution to the holders of 18,105 shares of common stock of The Mengel Company. The cost to purchase these shares was \$842,768.

AN APPLICATION OF FUNDS STATEMENT

Funds were provided from the following sources:

Earnings for the year	17 076 427
Provision for depreciation and depletion	12 829 059
Proceeds from exercise of stock options	2 303 331
Increase in long term debt	4 520 362
Decrease in other assets	2 709 802
Total funds provided	39 438 981

Funds were expended for the following:

Plant and equipment—		
Additions and improvements	17 640 918	
Acquisitions	5 062 806	
Less net book value of sales and retirements	1 133 938	21 569 786
Dividends—		
4% cumulative preferred stock	270 428	
Common stock	10 580 413	10 850 841
Purchase of preferred stock and sinking fund provision		302 238 32 722 865
Resulting in an increase in working capital of		6 716 116

WORKING CAPITAL. The following tabulation shows changes in working capital:

	December 31		
	1960	1959	Increase or Decrease
CURRENT ASSETS:			
Cash and marketable securities	20 137 820	16 424 762	3 713 058
Accounts receivable	28 119 506	24 556 786	3 562 720
Inventories	32 430 505	31 725 278	705 227
Total current assets	80 687 831	72 706 826	7 981 005
CURRENT LIABILITIES:			
Short-term loans and current portion of long-term debt	6 042 147	8 246 083	2 203 936
Accounts payable	8 544 302	8 485 052	59 250
Accrued liabilities	12 915 793	11 551 120	1 364 673
Accrued taxes on income	16 812 898	14 767 996	2 044 902
Total current liabilities	44 315 140	43 050 251	1 264 889
Net working capital	36 372 691	29 656 575	6 716 116



The increase in short-term and long-term debt from the previous year was \$2,316,426, and provided funds for expansion in foreign operations. Local bank credit was used as conditions permitted.

Earnings retained for requirements of the business (earned surplus). The consolidated net earnings for the year of \$17,076,427 were credited and the Preferred and Common dividends of \$10,850,841 were charged against this account; a difference of \$6,225,586 remained as an addition to the earned surplus.

Shareholders. Your Company's Common shares are owned by individuals residing in each of the 50 states and in 19 foreign countries. At year end there were 18,788 individual shareholders, excluding shares registered in the names of brokers, institutions and corporations. A year ago the comparable number of shareholders was 18,377. The average individual shareholder owned 317 shares. The largest individual or corporate shareholder, other than the Container Common Stock Trust, owned approximately 3% of the outstanding Common shares.

OPERATIONS

The following comparative tabulation shows the distribution of your Company's sales dollars.

	1960		1959	
	327 262 662	100%	322 286 816	100%
Purchased paperboard, waste paper, pulp wood, pulp and other raw materials	114 456 503	35	113 481 168	35
Labor	63 571 018	19	61 929 815	19
Factory supplies and expense	64 540 241	20	62 958 289	20
Provision for depreciation and depletion	12 829 059	4	11 703 336	4
Selling, administrative, and other expenses	30 046 668	9	27 021 421	8
Federal, state and local taxes	24 742 746	8	25 554 007	8
Dividends	10 850 841	3	10 808 021	3
Earnings retained for requirements of the business	6 225 586	2	8 830 759	3

Colorful CCA folding cartons combine convenience with selling power.



Capital expenditures. Domestic and foreign capital expenditures made during the year were \$17,640,918 compared with \$17,768,209 the previous year. Including the carryover of unexpended capital authorizations it is expected that capital expenditures will be slightly higher in 1961. However, it is contemplated new capital appropriations for 1961 will not exceed the consolidated depreciation.

Investments. In addition to the investment of \$842,768 to acquire Container Common shares for the Mengel merger, we increased our investment abroad by \$3,366,099.

Production. The following ten year tabulation is a comparison of tons of paperboard produced in your Company's mills, and tons of finished product shipped, including foreign operations in all years.

	Tons Produced in Mills	Tons Finished Product Shipped
1951	753 939	924 643
1952	695 212	845 316
1953	717 591	868 881
1954	731 897	835 369
1955	828 458	1 026 156
1956	858 847	1 085 941
1957	893 583	1 096 534
1958	1 072 504	1 124 368
1959	1 201 953	1 244 605
1960	1 219 602	1 280 722

Reforestation. Your Company owned in fee simple or controlled through timber cutting rights and long-term leases a combined total of 372,813 acres of timber lands, an increase of 20,643 acres over last year.

Company sponsored research in tree genetics continues to develop the most economical utilization of trees, land and time for producing paperboard wood pulp. Our pine seedling nursery produced approximately 5,000,000 pine seedlings of superior quality for planting on our controlled acreage, and purchased about the same quantity for free distribution to various youth organizations and small private landowners.

CCA corrugated and solid fibre shipping containers and displays combine strength and merchandising.



SALES

Consolidated sales for 1960 were \$327,262,662 compared to \$322,286,816 in 1959, an increase of 1.5%. The tabulation immediately below shows the distribution of the sales dollars by commodity classification.

Corrugated and solid fibre shipping containers	157 334 647	48%
Folding cartons, fibre cans and plastic products	105 697 094	32
Paperboard, pulp and waste paper	55 846 863	17
Wood products	8 384 058	3
Total sales	327 262 662	100

For thirty-four years Container Corporation has been producing paperboard products, and each year we have broadened our market by introducing new products and by entering new areas such as our recent important expansion in foreign fields. Your Company offers a complete packaging system which includes quality materials, machinery development, structural engineering, surface design, marketing and research. With this program each new package can be custom designed to the precise specification of the item being packaged, be it medical tablets or hot water heaters.

RESEARCH

Our Marketing and Research Center at Valley Forge, Pennsylvania, completed last summer, now houses our greatly expanded folding carton marketing, research and development facilities.

Nearby, in Valley Forge Industrial Park, our Garmold Plastics Division has established a separate research laboratory for the study and development of new plastic packages and fabricating techniques, including extruding, thermoforming and blow-molding, as well as injection and compression molding.

Our Sefton Fibre Can Division has completed a new research laboratory adjacent to its main plant at St. Louis. Here we are concentrating on the development of liquid and gas-tight fibre cans for packaging products which heretofore could be carried only in more expensive rigid containers.

The Product and Research Department in Chicago for corrugated and solid fibre products has been expanded to provide increased facilities for investigating important new fields.

We are organizing a manufacturing facility at Louisville, Kentucky, to produce expanded polystyrene inner packing for use in protective packaging of fragile products.

Sefton fibre cans offer unique advantages in protecting, dispensing and merchandising a broad range of products.



SALES DEVELOPMENT

The use of solid fibre containers expanded in the distribution of soft drinks. Corrugated containers were more widely used for fresh fruits and vegetables. Successful shipments of peaches in corrugated containers were made during the year, and we should have further gains in this field and in citrus fruits for 1961.

The use of corrugated containers to replace bulk shipment of bananas on the stem has been proven and offers promise for the expansion of corrugated volume in this field. A recently developed special container "Hydro-Seal" was introduced for iced fish and other seafood.

The Marketing Department successfully introduced a new packaging system for bacon, utilizing custom designed packaging machinery. This sanitary packing method provides automation for the packer and the package provides convenience for the consumer. A new packaging system for ice cream is under development and other industries are benefiting from the work of our Marketing and Research Centers.

As a special service to the management of customer companies, Container Corporation of America during 1960 initiated a series of marketing meetings. Local and area customers and prospects of the Company were guests at all-day seminars held in Fort Worth and San Francisco and participated in panel discussions conducted by outstanding educators and executives in the field of marketing.

INDUSTRY CONDITIONS

The domestic paperboard industry operated at 89% of capacity compared with 92% a year ago. The total production of 15,883,902 tons of paperboard was 1% below the previous record year of 1959.

The combined solid fibre and corrugated container industry decreased 1.7%, and the folding carton industry 2.3%.

The industry continues to face the serious problem of selling prices which do not reflect the cost increases of recent years.

EMPLOYEE RELATIONS—DOMESTIC OPERATIONS

During the year, contracts were negotiated with 110 bargaining units represented by 19 International Unions. The Oakland, California, waste paper plant of Pioneer Paper Stock Company was struck on July 6, 1960 by the International Longshoremen's and

Plastic caps, closures
and package
components are
precision molded by
CCA's Garmold
Division.

Warehousemen's Union, Local 6, and was permanently closed on September 22, 1960 for economic reasons. A one week wildcat strike of the production workers occurred late in the year at the company's Valley Forge Plant.

At the end of the year, 18,566 men and women were in the employ of the Company and its foreign subsidiaries.

The 84 employees who were serving in the Armed Forces of the country were sent a Christmas check.

Safety. The overall safety performance of the Company was slightly less favorable than last year. Eleven plants and nine trucking units operated throughout the year without a lost time accident.

The Company's Baltimore Plant has worked over a million man hours without a lost time accident.

Group Insurance. The Company's Group Insurance Plan was amended at no additional cost to employees to provide increased days of hospital coverage for both employees and their dependents.

Pension. Since the original plans were instituted, 1,154 employees have received pensions and 766 employees or their joint annuitants were receiving pensions on December 31, 1960.

Management Profit Sharing Plan. Under this plan, approved at the Annual Shareholders' Meeting in 1940 and revised downward by the Directors on December 7, 1956, a fund of \$1,372,723 was available for allocation in the year 1960 on the basis of consolidated earnings.

However, the non-participating Directors responsible for the determination of payments under the plan approved an amount of \$274,140. This compares with \$401,440 for the previous year.

Distributions authorized were as follows: 9.0% to the Chairman of the Board and President, 8.0% to the Executive Vice President, 6.7% to the Senior Vice President, 42.5% to eleven Vice Presidents, and 33.8% to fifty other salaried employees, including the Secretary and the Treasurer.

Stock Option Plan. January 1, 1961 marked the expiration of unallocated options under the plan which had been approved by the shareholders in 1956. Options for 117,295 shares were exercised during the year. At year end 515,479 shares were under allocation to 278 participants including grants of 40,050 having been made during the year.

Container Common Stock Bonus Plan. For 1960, the Company contributed \$1,714,232 to the plan for the benefit of 1,976 employee members. The Fund owned 537,407 shares at the end of the year, which was approximately 5% of the outstanding Common Stock of the Company.

THE CONCORA FOUNDATION

The Foundation was established in 1951 as a non-profit corporation to aid charitable, scientific and educational institutions. The Company made no contribution to the Foundation during 1960. At year end, the book value of its assets stood at \$1,469,500. Concora's grants of \$346,282 in 1960 were divided 59% to education, 36% to charitable organizations and 5% to scientific and cultural organizations.

ORGANIZATION

On April 13, 1960, Walter Paul Paepcke, Chairman of the Board, Chief Executive Officer and Founder of the Company, passed away. Excerpts from the memorial resolution by the Board of Directors appear earlier in the report.

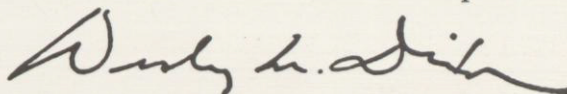
At the April 20, 1960, Board of Directors' meeting Wesley M. Dixon, President, was elected Chairman of the Board, President and Chief Executive Officer of the Company. At the same meeting Leo H. Schoenhofen, Senior Vice President of the Company, was elected a Director.

On June 22, 1960 The Board of Directors re-elected John E. Bierwirth a Director. Mr. Bierwirth had previously resigned, but rejoined the Board in June. He has been a member of the Board of Directors for 15 years. Mr. Bierwirth is Chairman of the Board of National Distillers & Chemical Corporation.

At the April meeting Harry E. Green, General Counsel, was elected Vice President and General Counsel, and Edward K. Meier, Assistant Secretary, was elected Secretary of the company. Clarence H. Seeley, former Secretary, retired.

Earlier in the year George H. Watkins, a Vice President, resigned. On December 31st, Balfour Phelan retired as Vice President, after 26 years of valuable service to the Company.

The Board of Directors and Management Committee wish to express their sincere appreciation to all the men and women in the organization for their conscientious and effective cooperation during the past year.



CHAIRMAN OF THE BOARD AND PRESIDENT

The Annual Meeting of the shareholders will be held on Tuesday, April 25, 1961. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 29, 1961, at which time proxies will be requested by the management.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1960 AND 1959

ASSETS		1960	1959
CURRENT ASSETS:			
Cash		\$ 11 845 348	\$ 9 295 696
Marketable securities		8 292 472	7 129 066
Receivables, less reserves		28 119 506	24 556 786
Inventories of finished goods, work in process, raw materials and supplies— priced at the lower of average cost or market		32 430 505	31 725 278
Total current assets		80 687 831	72 706 826
INVESTMENTS AND ADVANCES, at cost		2 868 535	5 067 287
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):			
	Gross	Reserves	
Land and timberland, less depletion	12 182 443	—	12 182 443
Buildings	50 159 851	16 082 202	34 077 649
Machinery, equipment, etc.	180 253 376	78 238 838	102 014 538
Leasehold improvements	1 435 655	844 485	591 170
Construction in progress	1 804 897	—	1 804 897
	245 836 222	95 165 525	150 670 697
			141 929 970
PREPAID AND DEFERRED CHARGES		5 767 803	6 406 893
GOODWILL AND PATENTS		1	1
		\$239 994 867	\$226 110 977

LIABILITIES		1960	1959
CURRENT LIABILITIES:			
Short-term loans and current portion of long-term debt		\$ 6 042 147	\$ 8 246 083
Accounts payable		8 544 302	8 485 052
Accrued liabilities		12 915 793	11 551 120
Accrued taxes on income		16 812 898	14 767 996
Total current liabilities		44 315 140	43 050 251
LONG-TERM DEBT:			
3.30% sinking fund debentures, due July 1, 1980, less current portion		33 600 000	34 947 000
Other		9 979 372	4 112 010
		43 579 372	39 059 010
MINORITY INTEREST IN SUBSIDIARY COMPANIES		6 688 389	6 816 429
CAPITAL:			
4% cumulative preferred stock, \$100 par value; authorized and issued 70,000 shares at December 31, 1960		7 000 000	7 300 000
Common stock, \$5 par value; authorized 15,000,000 shares, issued 10,672,923 shares at December 31, 1960 (Note 1)		53 364 615	52 778 140
Shareholders' investment in excess of par value (paid-in surplus) (Note 1)		2 403 403	686 547
Earnings retained for requirements of the business (earned surplus) (Note 2)		83 213 195	76 987 609
Deduct—Cost of 4% cumulative preferred stock held in treasury and provision for sinking fund on preferred stock; 3,418 shares and \$262,073 at December 31, 1960		569 247	567 009
		145 411 966	137 185 287
		\$239 994 867	\$226 110 977

The accompanying notes are an integral part of these balance sheets.

**COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1960 AND 1959**

	1960	1959
NET SALES	\$327 262 662	\$322 286 816
COST OF SALES	260 954 256	255 217 984
Gross income from operations	66 308 406	67 068 832
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	29 475 626	26 605 162
Income from operations (after depreciation and depletion provisions of \$12,829,059 in 1960 and \$11,703,336 in 1959)	36 832 780	40 463 670
OTHER DEDUCTIONS, net	1 421 353	1 059 890
Balance before taxes on income	35 411 427	39 403 780
PROVISION FOR TAXES ON INCOME	18 335 000	19 765 000
Net income for the year	\$ 17 076 427	\$ 19 638 780

**STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS
(EARNED SURPLUS) FOR THE YEARS ENDED DECEMBER 31, 1960 AND 1959**

	1960	1959
Net income for the year	\$76 987 609	\$68 156 850
Cash dividends:	17 076 427	19 638 780
Preferred stock (\$4.00 per share)	270 428	275 988
Common stock (\$1.00 per share)	10 580 413	10 532 033
Balance end of year (Note 2)	\$83 213 195	\$76 987 609

Notes to Financial Statements

- (1) Under the stock option plan for officers and key employees, options for the purchase of 515,479 shares at prices ranging from \$18.19 to \$27.88 per share were outstanding at December 31, 1960. Of the total, 150,480 shares were exercisable at December 31, 1960, and the remainder become exercisable during the period from 1961 to 1965. Unexercised options expire by 1970. Options for 40,050 additional shares were granted during the year and options for 117,295 shares were exercised. The increase of \$1,716,856 in shareholders' investment in excess of par value (paid-in surplus) during 1960 represents the excess of proceeds over par value of these shares.
- (2) Under terms of the debenture indenture and other restrictions, approximately \$46,000,000 of the earned surplus at December 31, 1960, was restricted as to dividends on and acquisitions of capital stock.

ARTHUR ANDERSEN & CO., 120 SOUTH LA SALLE STREET, CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1960, and the related statements of consolidated income and consolidated earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the previous year. Financial statements of certain subsidiaries included in the consolidated statements were not examined by us, but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examination and upon the reports of other auditors referred to above, the accompanying consolidated balance sheet and related statements of consolidated income and consolidated earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1960, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois, February 3, 1961

ARTHUR ANDERSEN & CO.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

DOMESTIC AND FOREIGN INCOME ACCOUNTS FOR THE YEARS 1960 AND 1959

(In thousands of dollars)

	Consolidated		Domestic		Foreign	
	1960	1959	1960	1959	1960	1959
Net Sales	327 262	322 287	267 162	277 946	60 100	44 341
Cost of sales	260 954	255 218	212 529	219 634	48 425	35 584
Gross income from operations	66 308	67 069	54 633	58 312	11 675	8 757
Selling, administrative and general expenses	29 476	26 605	25 681	23 947	3 795	2 658
Income from operations	36 832	40 464	28 952	34 365	7 880	6 099
Other income, <i>deductions</i> , net	230	64	21	180	251	244
Balance before taxes on income	36 602	40 400	28 973	34 545	7 629	5 855
Provision for taxes on income	18 335	19 765	15 325	17 700	3 010	2 065
Income before minority interest	18 267	20 635	13 648	16 845	4 619	3 790
Minority interest	1 191	996	42	53	1 149	943
Net income for the year	17 076	19 639	13 606	16 792	3 470	2 847

DOMESTIC AND FOREIGN NET ASSETS—DECEMBER 31, 1960 AND 1959

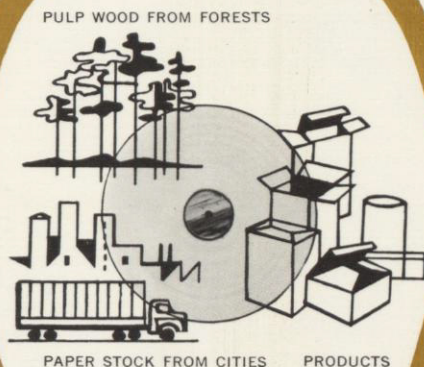
(In thousands of dollars)

	Consolidated		Domestic		Foreign	
	1960	1959	1960	1959	1960	1959
Current assets:						
Cash and marketable securities	20 138	16 425	15 440	14 166	4 698	2 259
Receivables, less reserves	28 119	24 557	18 792	18 474	9 327	6 083
Inventories	32 431	31 725	23 818	24 383	8 613	7 342
Total current assets	80 688	72 707	58 050	57 023	22 638	15 684
Investments and advances	2 868	5 067	2 085	1 850	783	3 217
Plant and equipment, less reserves	150 671	141 930	108 770	111 269	41 901	30 661
Prepaid and deferred charges	5 768	6 407	5 078	5 710	690	697
Total assets	239 995	226 111	173 983	175 852	66 012	50 259
Current liabilities:						
Short-term loans and current portion of long-term debt	6 042	8 246	406	3 250	5 636	4 996
Accounts payable	8 544	8 485	4 362	5 844	4 182	2 641
Accrued liabilities	12 916	11 551	10 668	10 174	2 248	1 377
Accrued taxes on income	16 813	14 768	13 759	12 761	3 054	2 007
Total current liabilities	44 315	43 050	29 195	32 029	15 120	11 021
Long-term debt	43 579	39 059	33 600	34 947	9 979	4 112
Total liabilities	87 894	82 109	62 795	66 976	25 099	15 133
Total net assets	152 101	144 002	111 188	108 876	40 913	35 126
Minority interest	6 689	6 817	—	702	6 689	6 115
Company interest	145 412	137 185	111 188	108 174	34 224	29 011



New Marketing and
Research Center
at Valley Forge,
Pennsylvania.

**INTEGRATION
FROM RAW MATERIALS
TO FINISHED
PAPERBOARD PACKAGES—
A SINGLE ORGANIZATION**



DOMESTIC PLANTS

FOLDING CARTON

Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill.—Lake Shore
Chicago, Ill.—35th Street
Dallas/Fort Worth, Tex.
Fort Wayne, Ind.
Greensboro, N.C.
Los Angeles, Calif.
Philadelphia, Pa.
Renton, Wash.
Santa Clara, Calif.
Solon, Ohio
Valley Forge, Pa.

SHIPPING CONTAINER

Anderson, Ind.
Baltimore, Md.
Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill.
Cincinnati, Ohio
Dolton, Ill.
Fernandina, Fla.
Fort Worth, Texas
Fresno, Calif.
Fulton, N.Y.
Knoxville, Tenn.
Lexington, Ky.
Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Muskogee, Okla.
Nashville, Tenn.
New Brunswick, N.J.
Oakland, Calif.
Philadelphia, Pa.
Portland, Ore.
Rock Island, Ill.
Seattle, Wash.
Sioux City, Iowa
Winston-Salem, N.C.

PAPER STOCK

Baltimore, Md.
Chicago, Ill.
Detroit, Mich.
Kalamazoo, Mich.
Los Angeles, Calif.
Philadelphia, Pa.

FIBRE CAN

Jeffersonville, Ind.
New Orleans, La.
Los Angeles, Calif.
Piqua, Ohio
Portland, Ore.
St. Louis, Mo.

PLASTICS

Chicago, Ill.
Totowa, N.J.

MILLS

Brewton, Ala.
Carthage, Ind.
Chattanooga, Tenn.
Chicago, Ill.—Lake Shore
Chicago, Ill.—Ogden
Cincinnati, Ohio
Circleville, Ohio
Fernandina, Fla.
Los Angeles, Calif.
Noblesville, Ind.
Philadelphia, Pa.
Santa Clara, Calif.
Tacoma, Wash.
Wabash, Ind.
Wilmington, Del.

**WOOD PRODUCTS
FACTORIES**

Laurel, Miss.
Union City, Ind.

**LATIN AMERICAN
PLANTS**

FOLDING CARTON

Mexico City, Mexico
Cali, Colombia
Caracas, Venezuela

SHIPPING CONTAINER

Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Medellin, Colombia
Caracas, Venezuela
Maracay, Venezuela
Maracaibo, Venezuela

PAPER STOCK

Mexico City, Mexico
Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Maracay, Venezuela

FIBRE CAN

Mexico City, Mexico
Cali, Colombia

MILLS

Mexico City, Mexico (2)
Cali, Colombia
Caracas, Venezuela

BAGS

Cali, Colombia

EUROPEAN PLANTS

FOLDING CARTON

Augsburg, Germany
Bremen, Germany
Hamburg, Germany
Orsenigo (Milan), Italy
Vienna, Austria

SHIPPING CONTAINER

Lubbecke, Germany
Dusseldorf, Germany
Hamburg, Germany
Nurnberg, Germany
Zwiesel, Germany
Novi Ligure, Italy
Soest, Netherlands

PAPER STOCK

Hamburg, Germany

FIBRE CAN

Orsenigo (Milan), Italy

MILLS

Lubbecke, Germany
Alling, Germany
Hoya, Germany
Viersen, Germany
Isoletta, Italy
Orsenigo (Milan), Italy



USES

Ammunition
Automotive Parts
Bakery Goods
Beer
Building Materials
Canned Foods
Caps and Closures
Cereal Products
Chemicals
China and Pottery
Clothing
Coffee, Tea, Cocoa
Confectionery
Cosmetics
Dairy Products
Explosives
Electrical Products
Frozen Foods
Fruits and Vegetables
Furniture
Glass Products



Hardware
Household Goods
Linens and Towels
Liquor and Wine
Machines and Parts
Matches
Meat Products
Personal Accessories
Petroleum Products
Pharmaceuticals
Publishers, Printers
Radio Products
Rubber Goods
Soaps and Cleansers
Soft Drinks
Spices
Sporting Goods
Sugar and Salt
Textiles
Tobacco Products
Tools
Toys and Games
Vegetable Products

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1960

ASSETS

	1960†	1959†	1958†	1957	1956
Cash and marketable securities	20 137 820	16 424 762	19 004 970	15 604 805	17 093 285
Receivables, less reserves	28 119 506	24 556 786	22 642 561	15 599 817	15 078 480
Inventories	32 430 505	31 725 278	29 680 189	24 232 585	22 251 600
Total current assets	80 687 831	72 706 826	71 327 720	55 437 207	54 423 365
Cash and securities set aside for additions and improvements	—	—	—	—	16 754 049
Investments and advances	2 868 535	5 067 287	2 496 298	12 912 733	12 063 095
Land and timberland	12 182 443	10 720 717	10 622 288	8 926 758	8 435 776
Buildings, machinery and equipment	233 653 779	215 251 831	200 526 742	159 783 974	125 651 035
Reserves for depreciation	95 165 525	84 042 578	74 365 399	62 835 598	58 086 495
Deferred charges	5 767 803	6 406 893	6 269 612	5 310 538	3 803 555
Goodwill and patents	1	1	1	1	1
	239 994 867	226 110 977	216 877 262	179 535 613	163 044 381

LIABILITIES

Short-term loans and current portion of long-term debt	6 042 147	8 246 083	15 020 307	—	—
Accounts payable	8 544 302	8 485 052	6 930 220	3 093 604	2 374 542
Accrued liabilities	12 915 793	11 551 120	11 641 226	9 412 407	8 847 095
Accrued taxes on income	16 812 898*	14 767 996*	12 931 885*	11 591 802*	—*
Total current liabilities	44 315 140	43 050 251	46 523 638	24 097 813	11 221 637
3.3% Debentures, due July 1, 1980	33 600 000	34 947 000	35 000 000	35 000 000	35 000 000
Long-term loans	9 979 372	4 112 010	1 258 718	550 000	700 000
Minority Interest in Subsidiary Companies	6 688 389	6 816 429	6 307 946	666 315	645 402
Reserve for contingencies	—	—	—	—	—
Capital:					
Preferred stock	7 000 000	7 300 000	7 300 000	7 300 000	8 200 000
Common stock	53 364 615	52 778 140	52 564 320	52 544 460	52 544 460
Investment in excess of par value	2 403 403	686 547	59 256	—	—
Earnings retained	83 213 195	76 987 609	68 156 850	59 380 519	55 591 567
Sinking fund for retirement of preferred stock	569 247	567 009	293 466	3 494	858 685
	239 994 867	226 110 977	216 877 262	179 535 613	163 044 381
*Accrued taxes on income	16 812 898	14 767 996	12 931 885	12 851 735	17 362 662
Less U. S. Government Securities	—	—	—	1 259 933	17 362 662
Shareholders' investment	145 411 966	137 185 287	127 786 960	119 221 485	115 477 342
Investment per common share	13.02	12.36	11.49	10.65	10.29
Working capital	36 372 691	29 656 575	24 804 082	31 339 394	43 201 728
Current ratio	1.82 to 1	1.69 to 1	1.53 to 1	2.30 to 1	4.85 to 1

†Includes foreign subsidiaries

1955	1954	1953	1952	1951	1950	1949
18 219 191	10 778 656	15 796 013	15 200 591	10 268 094	7 456 055	13 085 746
14 634 476	8 941 532	7 503 418	8 619 054	8 559 391	9 733 435	4 709 071
23 521 692	13 790 287	10 261 548	12 100 069	11 688 373	11 924 620	7 334 972
56 375 359	33 510 475	33 560 979	35 919 714	30 515 858	29 114 110	25 129 789
25 000 000	1 318 239	5 514 683	428 552	3 007 331	3 500 000	4 000 000
7 058 048	11 789 380	2 565 548	1 715 726	1 661 084	1 286 187	1 031 307
8 701 525	5 636 888	4 420 563	4 350 340	4 605 894	4 598 890	4 127 968
109 288 928	85 637 663	77 883 526	74 917 962	69 663 809	63 186 670	57 704 750
55 653 970	42 181 270	38 385 114	35 254 114	31 781 821	28 681 919	26 017 667
3 713 003	2 621 104	1 880 217	2 712 523	1 754 186	1 121 376	1 036 349
1	1	1	1	1	1	1
154 482 894	98 332 480	87 440 403	84 790 704	79 426 342	74 125 315	67 012 497

—	—	—	—	—	—	—
3 589 592	2 389 886	1 350 227	2 016 989	1 580 387	3 060 885	1 811 759
8 242 302	6 560 388	4 349 946	5 054 486	4 292 057	3 459 188	2 512 393
578 438*	—*	—*	—*	—*	—*	—*
12 410 332	8 950 274	5 700 173	7 071 475	5 872 444	6 520 073	4 324 152
35 000 000	—	—	—	—	—	—
850 000	—	—	—	—	—	—
6 782 155	—	—	—	—	—	—
—	—	—	—	—	—	955 190
8 500 000	8 800 000	9 100 000	9 400 000	9 400 000	10 000 000	10 000 000
25 224 510	24 957 850	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480
19 913 890	18 409 927	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851
46 409 690	37 822 562	49 606 434	45 284 893	40 815 392	34 563 052	28 384 753
607 683	608 133	605 535	604 995	300 825	597 141	290 929
154 482 894	98 332 480	87 440 403	84 790 704	79 426 342	74 125 315	67 012 497
19 115 484	16 935 190	21 086 718	22 435 957	27 090 251	12 585 392	7 141 293
18 537 046	16 935 190	21 086 718	22 435 957	27 090 251	12 585 392	7 141 293
99 440 407	89 382 206	81 740 230	77 719 229	73 553 898	67 605 242	61 733 155
9.07	8.13	7.40	6.96	6.51	5.88	5.25
43 965 027	24 560 201	27 860 806	28 848 239	24 643 414	22 594 037	20 805 637
4.54 to 1	3.74 to 1	5.89 to 1	5.08 to 1	5.20 to 1	4.47 to 1	5.81 to 1

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

EARNINGS STATEMENTS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1960

	1960†	1959†	1958†	1957	1956
Sales	327 262 662	322 286 816	289 600 173	256 115 744	276 008 765
Cost of Sales	260 954 256	255 217 984	234 161 823	205 420 783	217 184 897
Gross earnings	66 308 406	67 068 832	55 438 350	50 694 961	58 823 868
Selling, administrative, and general expenses	29 475 626	26 605 162	23 859 061	21 467 727	21 947 478
Earnings from operations	36 832 780	40 463 670	31 579 289	29 227 234	36 876 390
Other income, <i>deductions</i> , net	1 421 353	1 059 890	398 795	562 458	1 054 529
Earnings before taxes on income	35 411 427	39 403 780	31 180 494	29 789 692	37 930 919
Provision for taxes on income	18 335 000	19 765 000	16 100 000	15 200 000	19 700 000
Net earnings for the year	17 076 427	19 638 780	15 080 494	14 589 692	18 230 919
Depreciation and depletion	12 829 059	11 703 336	10 741 425	6 756 037	6 059 624
Earnings per share of common stock	1.57	1.83	1.41	1.36	1.71
Return on shareholders' investment	12.4%	15.4%	12.2%	12.6%	18.3%

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1960

Dividends:					
Preferred stock	270 428	275 988	287 658	291 848	310 618
Common stock	10 580 413	10 532 033	10 509 490	10 508 892	8 456 860
Total dividends	10 850 841	10 808 021	10 797 148	10 800 740	8 767 478
Dividends per share:					
Preferred stock	4.00	4.00	4.00	4.00	4.00
Common stock	1.00	1.00	1.00	1.00	.81¼

†Includes foreign subsidiaries

1955	1954	1953	1952	1951	1950	1949	TOTAL
258 463 036	186 595 052	187 552 652	178 408 152	212 562 019	154 841 198	114 770 627	2 764 466 896
203 429 246	145 808 593	147 939 847	137 282 965	165 327 034	123 873 851	92 476 947	2 189 078 226
55 033 790	40 786 459	39 612 805	41 125 187	47 234 985	30 967 347	22 293 680	575 388 670
20 517 129	12 919 120	12 252 693	11 632 175	10 901 566	8 922 520	7 936 829	208 437 086
34 516 661	27 867 339	27 360 112	29 493 012	36 333 419	22 044 827	14 356 851	366 951 584
494 830	1 136 893	812 836	889 936	782 578	651 799	395 477	3 901 298
35 011 491	29 004 232	28 172 948	30 382 948	37 115 997	22 696 626	14 752 328	370 852 882
18 600 000	15 400 000	18 045 000	20 100 000	25 050 000	10 680 000	5 975 000	202 950 000
16 411 491	13 604 232	10 127 948	10 282 948	12 065 997	12 016 626	8 777 328	167 902 882
5 686 373	4 109 753	3 930 557	3 668 041	3 543 809	3 045 298	2 731 924	74 805 236
1.59	1.33	.99	1.00	1.18	1.17	.85	
18.4%	16.6%	13.0%	14.0%	17.8%	19.5%	15.3%	

337 008	349 235	358 800	365 840	366 050	390 720	393 190	3 997 383
7 487 355	6 219 863	5 447 607	5 447 607	5 447 607	5 447 607	3 961 896	90 047 230
7 824 363	6 569 098	5 806 407	5 813 447	5 813 657	5 838 327	4 355 086	94 044 613
4.00	4.00	4.00	4.00	4.00	4.00	4.00	
.75	.62½	.55	.55	.55	.55	.40	



CONTAINER CORPORATION OF AMERICA
38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

JOHN E. BIERWIRTH, NEW YORK, NEW YORK
WESLEY M. DIXON, CHICAGO, ILLINOIS
JOHN L. DOLE, CHICAGO, ILLINOIS
GAYLORD A. FREEMAN, JR., CHICAGO, ILLINOIS
ALBERT H. GORDON, NEW YORK, NEW YORK
ROBERT S. INGERSOLL, CHICAGO, ILLINOIS
RICHARD G. IVEY, LONDON, ONTARIO, CANADA
JOHN F. MERRIAM, OMAHA, NEBRASKA
LEO H. SCHOENHOFEN, CHICAGO, ILLINOIS
JOHN V. SPACHNER, CHICAGO, ILLINOIS

EXECUTIVE COMMITTEE

JOHN E. BIERWIRTH
WESLEY M. DIXON
GAYLORD A. FREEMAN, JR.
ALBERT H. GORDON
RICHARD G. IVEY

OFFICERS

CHAIRMAN OF THE BOARD AND PRESIDENT, WESLEY M. DIXON
EXECUTIVE VICE PRESIDENT, JOHN V. SPACHNER
SENIOR VICE PRESIDENT, LEO H. SCHOENHOFEN
VICE PRESIDENT, THOMAS F. CASS
VICE PRESIDENT, LAURENCE A. COMBS
VICE PRESIDENT, FREDERICK S. CRYSLER
VICE PRESIDENT, WILLIAM P. HOOKER
VICE PRESIDENT, HARRY E. MILES
VICE PRESIDENT, JOHN G. ROBINSON
VICE PRESIDENT, PAUL E. SIGLER
VICE PRESIDENT, HENRY G. VAN DER EB
VICE PRESIDENT, RALPH E. WHITE
VICE PRESIDENT AND CONTROLLER, CARL M. BLUMENSCHNEIN
VICE PRESIDENT AND GENERAL COUNSEL, HARRY E. GREEN
TREASURER, PAUL W. GUENZEL
SECRETARY, EDWARD K. MEIER

TRANSFER AGENTS

HARRIS TRUST AND SAVINGS BANK, CHICAGO, ILLINOIS
FIRST NATIONAL CITY TRUST COMPANY,
NEW YORK, NEW YORK

REGISTRARS

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, CHICAGO, ILLINOIS
CHEMICAL BANK NEW YORK TRUST COMPANY,
NEW YORK, NEW YORK

